

House Amendment 1605

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1 1 Amend House File 700 as follows:
1 2 #1. Page 24, by inserting after line 9 the
1 3 following:
1 4 <Sec. _____. Section 12D.1, unnumbered paragraph 1,
1 5 Code 2003, is amended to read as follows:
1 6 The general assembly finds that the general welfare
1 7 and well-being of the state are directly related to
1 8 educational levels and skills of the citizens of the
1 9 state, and that a vital and valid public purpose is
1 10 served by the creation and implementation of programs
1 11 which encourage and make possible the attainment of
1 12 higher education by the greatest number of citizens of
1 13 the state. The state has limited resources to provide
1 14 additional programs for higher education funding and
1 15 the continued operation and maintenance of the state's
1 16 public institutions of higher education and the
1 17 general welfare of the citizens of the state will be
1 18 enhanced by establishing a program which allows
1 19 citizens of the state to invest money in a public
1 20 trust for future application to the payment of higher
1 21 education costs. The creation of the means of
1 22 encouragement for citizens to invest in such a program
1 23 represents the carrying out of a vital and valid
1 24 public purpose. In order to make available to the
1 25 citizens of the state an opportunity to fund future
1 26 higher education needs, it is necessary that a public
1 27 trust be established in which moneys may be invested
1 28 for future educational use. ~~It is also necessary to~~
~~1 29 establish an endowment fund which may be funded with~~
~~1 30 public funds, among other sources, the income from~~
~~1 31 which will be made available to participants in the~~
~~1 32 trust to enhance their savings invested for the~~
~~1 33 payment of future higher education costs.~~
1 34 Sec. _____. Section 12D.1, subsections 5 and 13,
1 35 Code 2003, are amended by striking the subsections.
1 36 Sec. _____. Section 12D.2, subsections 4, 8, 10, 11,
1 37 and 12, Code 2003, are amended to read as follows:
1 38 4. Accept any grants, gifts, legislative
1 39 appropriations, and other moneys from the state, any
1 40 unit of federal, state, or local government, or any
1 41 other person, firm, partnership, or corporation which
1 42 the treasurer of state shall deposit into the
1 43 administrative fund, ~~the endowment fund,~~ or the
1 44 program fund.
~~1 45 8. Solicit and accept for the benefit of the~~
~~1 46 endowment fund gifts, grants, and other moneys,~~
~~1 47 including legislative appropriations and grants from~~
~~1 48 any federal, state, or local governmental agency.~~
1 49 10. Make payments to institutions of higher
1 50 education, ~~participants, or beneficiaries~~ pursuant to
2 1 participation agreements on behalf of beneficiaries.
2 2 11. Make refunds to participants upon the
2 3 termination of participation agreements and partial
~~2 4 nonqualified distributions to participants~~ pursuant to
2 5 the provisions, limitations, and restrictions set
2 6 forth in this chapter.
2 7 12. Invest moneys from ~~the endowment fund and the~~
2 8 program fund in any investments which are determined
2 9 by the treasurer of state to be appropriate.
2 10 Sec. _____. Section 12D.3, subsections 2 and 3, Code
2 11 2003, are amended to read as follows:
2 12 2. Beneficiaries designated in participation
2 13 agreements may be designated from date of birth up to,
~~2 14 but not including, their eighteenth birthday at any~~
~~2 15 age. A substitute beneficiary may be older than age~~
~~2 16 eighteen provided that the substitute beneficiary is~~
~~2 17 not older than the original beneficiary.~~
2 18 3. ~~A participant's account balance shall be~~
~~2 19 refunded to the participant, less endowment fund~~
~~2 20 earnings, and less a refund penalty levied by the~~
~~2 21 trust against account balance earnings, if any, in the~~

2 22 event an account balance remains in the account for a
2 23 ~~thirty-day period following the beneficiary's~~
2 24 ~~thirtieth birthday.~~
2 25 Sec. _____. Section 12D.4, Code 2003, is amended by
2 26 striking the section and inserting in lieu thereof the
2 27 following:
2 28 12D.4 PROGRAM AND ADMINISTRATIVE FUNDS ==
2 29 INVESTMENT AND PAYMENTS.
2 30 1. The treasurer of state shall segregate moneys
2 31 received by the trust into two funds: the program
2 32 fund and the administrative fund.
2 33 2. All moneys paid by participants in connection
2 34 with participation agreements shall be deposited as
2 35 received into separate accounts within the program
2 36 fund.
2 37 3. Contributions to the trust made by participants
2 38 may only be made in the form of cash.
2 39 4. A participant or beneficiary shall not provide
2 40 investment direction regarding program contributions
2 41 or earnings held by the trust.
2 42 5. Moneys accrued by participants in the program
2 43 fund of the trust may be used for payments to any
2 44 institution of higher education. Payments may be made
2 45 to the institution, the participant, or the
2 46 beneficiary.
2 47 Sec. _____. Section 12D.5, Code 2003, is amended by
2 48 striking the section and inserting in lieu thereof the
2 49 following:
2 50 12D.5 CANCELLATION OF AGREEMENTS.
3 1 A participant may cancel a participation agreement
3 2 at will. Upon cancellation of a participation
3 3 agreement, a participant shall be entitled to the
3 4 return of the participant's account balance.
3 5 Sec. _____. Section 12D.6, subsection 3, Code 2003,
3 6 are amended by striking the subsection.
3 7 Sec. _____. Section 12D.9, subsection 1, paragraphs
3 8 c, d, and e, Code 2003, are amended to read as
3 9 follows:
3 10 c. Pursuant to section 12D.4, subsection ~~1~~,
~~3 11 paragraph "b"~~ 2, a separate account is established for
3 12 each beneficiary.
3 13 d. Pursuant to section 12D.4, subsection ~~1~~,
~~3 14 paragraph "f"~~ 3, contributions may only be made in the
3 15 form of cash.
3 16 e. Pursuant to section 12D.4, subsection ~~1~~,
~~3 17 paragraph "g"~~ 4, a participant or beneficiary shall
3 18 not provide investment direction regarding program
3 19 contributions or earnings held by the trust.
3 20 Sec. _____. Section 12D.9, subsection 1, paragraph
3 21 f, Code 2003, is amended by striking the paragraph.
3 22 Sec. _____. Section 12D.9, subsection 2, Code 2003,
3 23 is amended to read as follows:
3 24 2. State income tax treatment of the Iowa
3 25 educational savings plan trust shall be as provided in
3 26 section 422.7, subsections 32, ~~and 33, and 34, and~~
~~3 27 section 422.35, subsection 14.~~
3 28 Sec. _____. Section 12D.10, subsection 1, Code 2003,
3 29 is amended to read as follows:
3 30 1. The assets of the trust, including the program
3 31 fund ~~and the endowment fund~~, shall at all times be
3 32 preserved, invested, and expended solely and only for
3 33 the purposes of the trust and shall be held in trust
3 34 for the participants and beneficiaries.
3 35 Sec. _____. Section 422.7, subsection 34, Code 2003,
3 36 is amended by striking the subsection.
3 37 Sec. _____. Section 422.35, subsection 14, Code
3 38 2003, is amended by striking the subsection.>
3 39 #2. Page 46, by inserting after line 13 the
3 40 following:
3 41 <_____. The amendments to sections 12D.1, 12D.2,
3 42 12D.3, 12D.4, 12D.5, 12D.6, 12D.9, 12D.10, 422.7, and
3 43 422.35, which shall apply retroactively to January 1,
3 44 2003, for tax years beginning on or after that date.>
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3 48 MURPHY of Dubuque
3 49 HF 700.215 80
3 50 mg/sh

